

Local Economic Development in Humboldt, Iowa

Presentation to the Legislative
Property Tax Study Committee
Wednesday, November 7, 2007

Humboldt, Iowa

- Located in north-central Iowa, 15 miles north of Fort Dodge and 100 miles northwest of Des Moines
- Humboldt's population = 4,452 (2000 Census)
- County population = 10,381 (2000 Census)

Economic Development

- Humboldt County Development Association
- Funded by Humboldt County and the City of Humboldt, \$40,000 each annually
- One full-time employee, hired July 2006
- Operates with volunteer board of 13 community members
- Total budget of approximately \$100,000

Economic Development

- Humboldt faces issues in economic development, such as...
 - Obtaining viable leads for the community
 - Location, i.e. distance from interstates
 - Workforce availability (trainable...clean & sober)
 - Property taxes versus other states
 - One person staff has to prioritize work (day-to-day versus long-term vision)

Economic Development

- 80% of our growth comes from the expansion of current industries within the county
- Large amount of “home-grown” businesses within the county

Economic Development

- Utilize several state programs in addition to local incentives
 - High Quality Jobs Creation CEBA
 - VAAPFAP EDSA
 - Enterprise Zones RISE
 - TIF
 - USDA-Rural Development programs

Economic Development

■ What is TIF?

- Tax Increment Financing
- Utilizing the additional tax revenues generated in a specific geographic area to assist with development within that area
- Funds are generated through TIF revenue bonds and re-paid over time as increment grows
- Does not affect property tax levies

Economic Development

- What is TIF? (continued)
 - Very specific guidelines on how TIF can be used as per the Iowa Code
 - Residential and Ag land not included in Humboldt's Northside Urban Renewal Area
 - Is a very different program than a tax abatement program

Economic Development

- TIF is the largest tool in Humboldt's toolbox
 - Over \$15 million in increment in Northside URA
- TIF is used to enhance incentive packages for prospects in many different ways
 - Infrastructure improvements in area of development
 - Grant to HCDA to assist with project
 - TIF rebate on property taxes over a period of time after development has been completed

Economic Development

- TIF is also used in housing development in Humboldt
 - Used to install infrastructure in three developments with a total of 35 lots
 - Provides new housing for employees seeking to live within Humboldt – employers seeking assistance from City of Humboldt for this
 - Potential to increase valuation in the Urban Renewal Area of nearly \$7 million

Economic Development

- Humboldt's Northside Urban Renewal Area includes a brownfield
- TIF utilized in project to clean up EPA Superfund site in 2007
- New 50 acre industrial park will be created
- State Brownfield Program not used
 - Narrow use of funds allowed
 - Small pool of funds allocated annually for Brownfield Program by State (\$500,000)

Economic Development

- School, county & community college supported the city's use of TIF not only in this project, but in all projects that create new development
- Other taxing entities realize the future, long-term benefit of using this tool in development

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Questions

